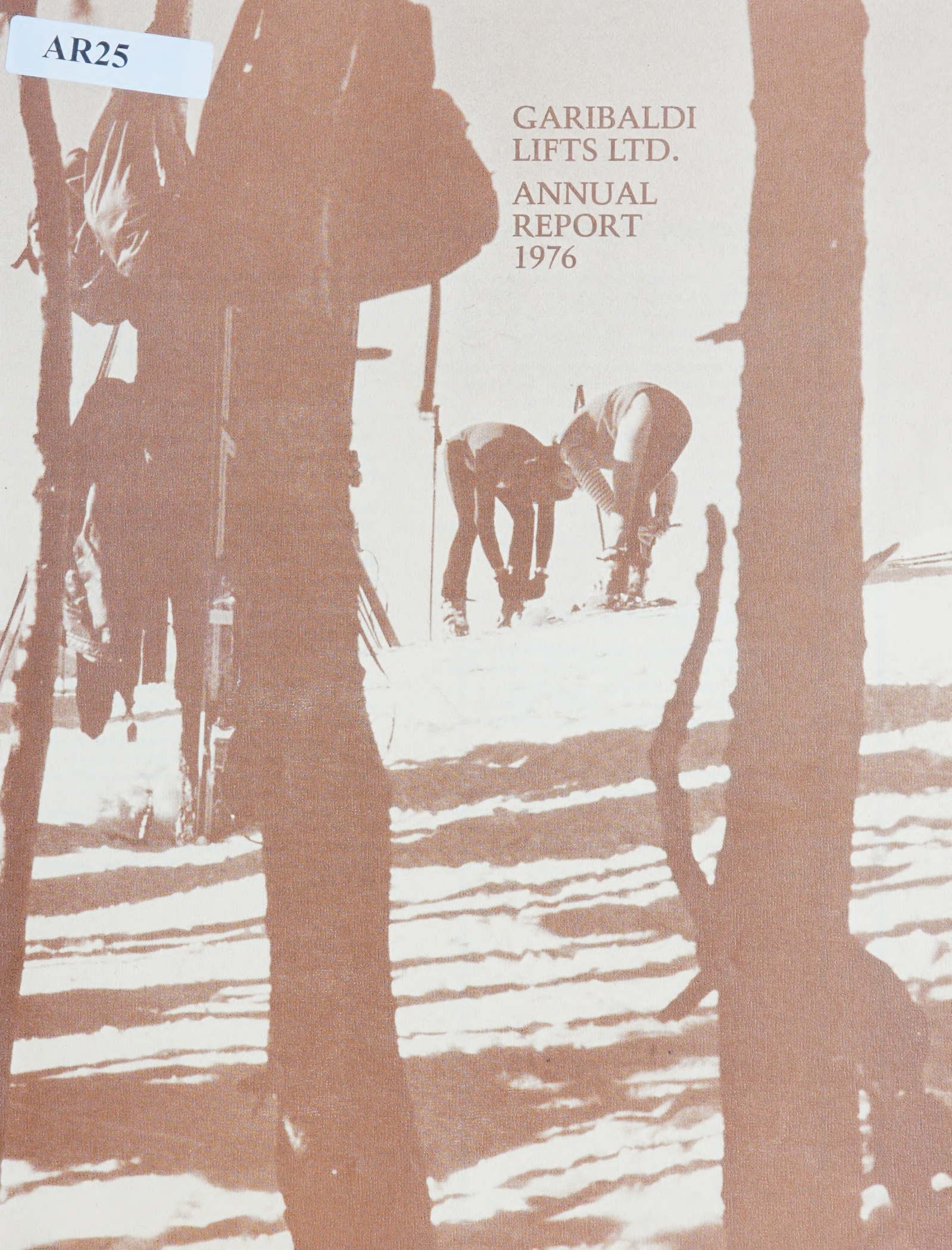


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GARIBALDI
LIFTS LTD.

ANNUAL
REPORT
1976



President's Report to the Shareholders

In each previous fiscal year during its comparatively short life your company has shown growth and increased earnings. Not so in 1976, in spite of the fact that the Interim Report for the first six months, January 1 to June 30, of fiscal 1976, cited the most buoyant growth period in the company's history. This was due to excellent snow conditions in the early part of the year.

In the second half of the fiscal year, it was anticipated that skiing would commence, as usual, about the month of November, and continue unabated well into 1977. However, true winter conditions failed to materialize. Following an unusually wet, cold summer, a warm weather system prevailed throughout the balance of the year, with disastrous results for the ski industry.

By early December, only the upper reaches of Whistler Mountain had been opened for skiing.

Day skier sales for the second half of 1976 declined from 54,000 in 1975 to 14,800 in 1976. Similar declines were apparent in weekly tours and the sale of annual passes. The net result was a decrease in annual revenue from \$2,187,000 in 1975 to \$2,087,000 for full fiscal 1976.

Shareholders will recall that, in a number of our annual and interim reports we have repeatedly voiced concern about the disturbing and continued upward pressure of operating expenses and taxes and the general increase in the cost of doing business.

Permit me to recap some of these increases. In 1974 operating costs increased 14% over 1973. In 1975 increases were 22.4% over 1974 and in 1976 there was a further increase of 15.8% over 1975. Thus, operating expenses rose from \$1,231,000 in 1974 to \$1,507,000 in 1975 and up to \$1,744,000 in 1976.

Without raising our ticket rates, the only way we have been able to generate improved earnings to cover cost increases has been through increased productivity, which, in our business, simply means increasing the number of skiers we carry.

You know what happened to us in the last half of 1976. The result was a disappointing net earnings for the fiscal year of \$167,000 versus net earnings of \$332,000 in 1975 and \$241,000 in 1974. Net earnings per share of Common Shares for 1976 amounted to \$21.63, for 1975 it was \$44.68 and for 1974 \$31.13. Earnings per share of Class 'A' was \$5.00 each year. Total capital expenditures in the fiscal year amounted to \$116,843.

Turning to operating matters, last winter was the first in our operating history when we did not have to conduct a night search for a lost skier. We attribute this in a large measure to our extensive program of posting on the mountain indicating the relative degree of difficulty of the various runs, the clear marking of ski area boundaries, the installation of large signs in key areas describing important features, together with our comprehensive "Whistler Safety" brochure. We hope Whistler skiers will help us to maintain this excellent record by observing caution at all times.

In the period May-November, 1976, during the off-ski season, our staff was occupied with annual maintenance of all lifts, equipment, machinery and buildings. New hauling cables were installed on the Blue and Orange Chairlifts. A new, 100 metre wide ski run, Green Acres, was opened to the northeast of the Green Chairlift. Clumps of trees were left standing for the aesthetic effect and to improve visibility on overcast days. The Olympic Run to the valley was partially re-located and groomed. Trees were left standing and it was increased in width. Extensive grass seeding and maintenance work was undertaken on all other runs.

This report would not be complete without a special word of thanks to our staff on behalf of the Board of Directors. Once again our staff exhibited outstanding enthusiasm and skill both during and after the skiing season. I would like to take this opportunity to thank each and every one for the high quality of their performance and for their excellent response to our customers. Unquestionably, the attitude of the staff is a major factor in the skier's enjoyment of a meaningful and fulfilling day of recreation on Whistler Mountain. As of December 31, 1976 there were 100 employees on the payroll.

During the 1976 fiscal year, a 5% dividend was paid on Common and Class 'A' Shares and 2,200 Class 'A' Shares were redeemed at \$105.00 per share.

On behalf of the Board of Directors,
Franz M. Wilhelmsen,
President

Board of Directors:

B. M. HOFFMEISTER,	Vancouver
H. McLENNAN,	Vancouver
J. R. McLERNON,	Vancouver
Y. J. MÉNARD,	Montreal
J. A. PARKE,	Calgary
C. G. PENNEY,	Montreal
P. N. THOMSON,	Montreal
C. J. WHITE,	Banff
F. M. WILHELMSSEN,	Vancouver
F. C. WILKINSON,	Vancouver
C. N. WOODWARD,	Vancouver

Officers:

F. M. WILHELMSSEN,	President
J. A. PARKE,	Treasurer
M. G. KING,	Secretary

Transfer Agent—Registrar:

MONTREAL TRUST COMPANY,	Vancouver
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Bankers:

THE ROYAL BANK OF CANADA,	Vancouver
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Solicitors:

DOUGLAS, SYMES & BRISSENDEN,	Vancouver
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Auditors:

CAMPBELL, SHARP, NASH & FIELD,	Vancouver
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Garibaldi Lifts Ltd. (Incorporated under the laws of British Columbia)

Assets	1976	1975
CURRENT ASSETS		
Cash	\$ 113,814	\$ 302,669
Term deposits		125,000
Accounts receivable	24,561	11,860
Income taxes recoverable	139,222	
Prepaid expenses	<u>11,130</u>	<u>6,751</u>
	<u>288,727</u>	<u>446,280</u>
INVESTMENT, Whistler Mountain Water Works Ltd., at cost	<u>10,403</u>	<u>10,403</u>
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2)		
Transportation system, buildings and equipment	4,553,838	4,451,302
Accumulated depreciation and amortization	<u>1,696,098</u>	<u>1,451,718</u>
	2,857,740	2,999,584
Land	<u>39,029</u>	<u>39,029</u>
	<u>2,896,769</u>	<u>3,038,613</u>
	<u>\$3,195,899</u>	<u>\$3,495,296</u>

Auditors' Report

To the Members, Garibaldi Lifts Ltd., Vancouver, B.C.

We have examined the balance sheet of Garibaldi Lifts Ltd., as at December 31, 1976 and the statements of retained earnings, earnings and changes in working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered

Balance Sheet as at December 31, 1976

Liabilities

	1976	1975
CURRENT LIABILITIES		
Bank loan	\$ 50,000	
Accounts payable and accrued expenses	220,951	\$ 176,365
Due to affiliate	31,440	4,492
Deferred revenue	199,516	424,902
Income taxes payable		133,144
Current portion of long term debt	<u>237,500</u>	
	<u>739,407</u>	<u>738,903</u>
 LONG TERM DEBT (Note 3)		
Bank loan, prime plus 2% due May 1, 1977 secured	237,500	237,500
deduct: current portion	<u>237,500</u>	
	<u>—</u>	<u>237,500</u>
 DEFERRED INCOME TAXES (Note 4)	<u>686,312</u>	<u>627,174</u>
 SHARE CAPITAL (Note 5)		
Authorized		
10,000 class "A" shares of \$100 par value		
15,000 common shares of no par value		
Issued		
2,200 class "A" shares	220,000	440,000
6,713 common shares	<u>631,300</u>	<u>631,300</u>
	851,300	1,071,300
 RETAINED EARNINGS	<u>918,880</u>	<u>820,419</u>
	<u>1,770,180</u>	<u>1,891,719</u>
	<u>\$3,195,899</u>	<u>\$3,495,296</u>

On behalf of the Board

FRANZ M. WILHELMSSEN, Director

JOHN A. PARKE, Director

necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1976 and the results of its operations and the changes in its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada.

February 7, 1977.

Campbell, Sharp, Nash & Field
Chartered Accountants

Statement of Changes in Working Capital for the year ended December 31, 1976

	1976	1975
WORKING CAPITAL INCREASED BY		
Operations		
Net earnings	\$167,226	\$331,932
add: expenses not requiring outlay of working capital in the current period		
depreciation and amortization	250,836	254,401
current year's increase in deferred income taxes	59,138	85,335
loss on disposal of equipment	<u>1,188</u>	<u>1,344</u>
	478,388	673,012
Sale of property, plant and equipment	<u>6,663</u>	
	<u>485,051</u>	<u>673,012</u>
WORKING CAPITAL DECREASED BY		
Purchase of property, plant and equipment		
Property improvements	46,259	53,901
Buildings	3,297	30,550
Equipment	67,287	98,263
Payment and reclassification of term indebtedness	237,500	237,500
Dividends—common shares	33,565	33,565
—class "A" shares	22,000	32,000
Redemption of 2,200 (1975, 2,000) class "A" shares	220,000	200,000
Premium on redemption of class "A" shares	11,000	10,000
Special tax on premium paid on redemption of class "A" shares	<u>2,200</u>	<u>2,000</u>
	<u>643,108</u>	<u>697,779</u>
DECREASE IN WORKING CAPITAL	158,057	24,767
WORKING CAPITAL DEFICIENCY, beginning of year	<u>292,623</u>	<u>267,856</u>
WORKING CAPITAL DEFICIENCY, end of year	<u>\$450,680</u>	<u>\$292,623</u>

Notes to the Financial Statements December 31, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

Deferred Revenue

Season pass revenue received prior to December 31, is allocated twenty-five percent to the current fiscal year and seventy-five percent to the next fiscal year.

In January, 1977, the company announced that due to the unusual weather conditions the 1976-77 season ski passes termination date would be extended from August 31, 1977, to December 22, 1977. No adjustment has been made to the accounting for deferred revenue which remains on a basis consistent with that of prior years.

Depreciation and deferred income tax policies are explained in Notes 2 and 4 respectively.

2. PROPERTY, PLANT AND EQUIPMENT

	cost	accumulated depreciation	1976 net	1975 net
Land	\$ 39,029	\$	\$ 39,029	\$ 39,029
Parking lot, roads, and ski runs	315,884	96,246	219,638	189,356
Buildings	824,240	314,960	509,280	547,196
Lifts	3,034,034	1,035,235	1,998,799	2,145,975
Furniture and equipment	145,633	108,973	36,660	38,461
Automotive equipment	234,047	140,684	93,363	78,596
	\$4,592,867	\$1,696,098	\$2,896,769	\$3,038,613

Depreciation is provided on a straight-line basis at the following rates:

Parking lot, roads and ski runs	5%
Buildings	5%
Lifts	5%
Furniture and equipment	5%, 10%, 20%
Automotive equipment	15%

The lifts and some buildings are located on leased land. The leases expire in the years 1985 to 1994.

3. LONG TERM DEBT

The term bank loan is secured by a demand debenture in the amount of \$1,000,000 having a fixed and floating charge on all real, moveable and immoveable property and rights of the company.

4. DEFERRED INCOME TAXES

The tax allocation basis is utilized for accounting for income taxes. Capital cost allowance claimed in excess of book depreciation has resulted in current year's deferred tax of \$59,138 being recorded (1975, \$85,335).

5. SHARE CAPITAL

The class "A" non-voting and non-cumulative shares have special rights and restrictions as set forth in the Articles of Association of the company. Redeemable at a minimum price of \$105 per share, they are preferred as to dividends up to \$5 per share. In the event that dividends are not paid for a period of five consecutive years, the class "A" shares shall have voting rights.

During the year, 2,200 (1975, 2,000) class "A" shares were redeemed at \$105 per share.

6. REMUNERATION

The remuneration of the directors, officers and the five highest paid employees, amounted to \$113,571 (1975, \$112,174).

7. FEDERAL ANTI-INFLATION LEGISLATION

The company is subject to the Federal Anti-Inflation Legislation and, in the opinion of management, has met the requirements.

Garibaldi Lifts Ltd.

Statement of Retained Earnings for the year ended December 31, 1976

	1976	1975
RETAINED EARNINGS, beginning of year	\$820,419	\$566,052
Net earnings for the year	<u>167,226</u>	<u>331,932</u>
	987,645	897,984
Dividend, common shares	33,565	33,565
Dividend, class "A" shares	22,000	32,000
Premium paid on redemption of 2,200 (1975, 2,000) class "A" shares (Note 5)	11,000	10,000
Special tax on premium paid on redemption of 2,200 (1975, 2,000) class "A" shares	<u>2,200</u>	<u>2,000</u>
RETAINED EARNINGS, end of year	<u>\$918,880</u>	<u>\$820,419</u>

Statement of Earnings for the year ended December 31, 1976

	1976	1975
REVENUE FROM OPERATIONS	<u>\$2,086,943</u>	<u>\$2,186,974</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Administration	142,005	73,067
Advertising and promotion	49,889	47,534
Equipment maintenance and operation	352,914	285,062
Interest — current	332	
— long term debt	29,206	52,313
Legal and audit	28,382	16,647
Salaries, wages and employee benefits	702,260	623,268
Taxes and insurance	122,551	88,740
Utilities	66,053	65,528
Depreciation and amortization	<u>250,836</u>	<u>254,401</u>
	1,744,428	1,506,560
EARNINGS BEFORE TAXES	<u>342,515</u>	<u>680,414</u>
Income taxes		
Current	116,151	263,147
Deferred (Note 4)	<u>59,138</u>	<u>85,335</u>
	175,289	348,482
NET EARNINGS	<u>\$ 167,226</u>	<u>\$ 331,932</u>
PER SHARE — Class "A"	\$ 5.00	\$ 5.00
— Common	21.63	44.68